



# FACT SHEET

*The Michigan Broadband Development Authority, a new state government agency created to help the state attract more private-sector investment in high-speed Internet infrastructure, and to increase the use of broadband services. It does so by offering ... **1)** low-cost loans to telecommunications companies willing to make broadband investments and **2)** low-cost financing to organizations needing capital to acquire hardware, software and other information technology equipment.*

## WHAT TYPES OF PROJECTS MAY BE FINANCED?

**Supply-Oriented:** Projects that expand and/or improve high-speed telecommunications networks. Eligible projects might include:

- Expansion of fiber backbone networks
- Last-mile connectivity solutions (wireless, cable, DSL or other technologies)
- Network connectivity hardware/software enhancements.

**Demand-Oriented:** Projects that increase customer demand for broadband service and/or improve broadband utilization. Eligible projects might include the acquisition of information technology hardware and software to support broadband-enhanced:

- engineering and design activities
- purchasing
- accounting
- training

- community technology centers
- telemedicine applications
- distance learning
- e-commerce

Data centers and specialized office structures that support broadband operations are also eligible.

## WHO IS ELIGIBLE TO RECEIVE FINANCING?

Eligibility will be determined by three factors:

- Feasibility of the proposed project
- Credit-worthiness of the project and/or borrower
- Access Improvement— the extent to which the project improves broadband access to underserved areas or improves use and demand for service.

Government and 501(c)(3) non-profit organizations are eligible for tax-exempt financing, while for-profit companies are eligible to receive financing based on taxable bonds.

## DOES THE BROADBAND AUTHORITY OFFER GRANTS?

No. While various financial arrangements are allowed under the statute, the Authority is strictly limited to offering loan/debt structured financing programs. Applicants may attempt to utilize a Broadband Authority loan to leverage other funding sources such as grant programs, but all assistance provided directly by the Authority must be repaid.

## HOW DO THE FINANCING PROGRAMS WORK?

The MBDA issues investment grade, taxable and tax-exempt bonds, the proceeds of which are used to provide financing assistance. Companies or organizations can apply anytime (application materials are available at the Authority's Web site: [www.BroadbandAuthority.org](http://www.BroadbandAuthority.org)). Requirements vary depending on the type of applicant and project. Applicants are asked to provide a

description of the proposed project, including information on the project's scope, sponsors, technologies, economics and credit-worthiness.

The following types of loan programs are available:

- Zero-interest planning loan (repayable over 12-24 months) for applicants that need assistance putting together a complete application. The applicant must agree to use Authority financing when the project comes to fruition.
- Zero-interest project development/ marketing loan (repayable over 12-24 months) for information technology vendors, system integrators and other providers needing assistance in the organization and structuring of broadband project initiatives that would be brought to the Authority for financing.
- Loans made to for-profit telecommunications providers to fund investment/refinancing broadband projects that provide a significant public benefit (expanded availability of service, links to public and non-profit organizations, etc.).
- Project loans made to small for-profit businesses seeking assistance in expanding broadband service. Applicants should have an established business operation that can be used to demonstrate revenue generation and an ability to repay a loan.
- Loans made to for-profit companies seeking assistance in acquiring large-scale hardware/ software I.T. systems that improve or increase their company's use of broadband service.
- Loans made to non-profit or public organizations seeking assistance in acquiring large-scale

hardware/ software I.T. systems that improve or increase their organization's use of broadband service. Acquisition, installation, maintenance and training costs can be included in the loan, subject to federal tax limitations. Joint venture arrangements can be made between the Authority and the applicant's selected vendor(s) to establish lease terms and take advantage of tax-exempt financing.

## HOW DO I FIND OUT MORE?

*For more information or eligibility questions, contact the Michigan Broadband Development Authority at 517.241.2121 or visit our Web site at: [www.BroadbandAuthority.org](http://www.BroadbandAuthority.org).*